



Michigan Supreme Court
State Court Administrative Office
Michigan Hall of Justice
P.O. Box 30048
Lansing, MI 48909
Phone: (517) 373-0130
John D. Ferry, Jr., State Court Administrator

DATE: July 2, 2004

TO: Chief Circuit Judges
cc: Family Division Judges
Friends of the Court
Family Division Administrators
Circuit Court Administrators

FROM: John D. Ferry, Jr., State Court Administrator

SUBJ: SCAO Administrative Memorandum 2004-07
Changes in Surcharge Law

Effective June 30, 2004, 2003 PA 276 changed the way surcharges are assessed on friend of the court cases for past due support.

Previously, a surcharge was assessed each January 1 and July 1 which was to compound to equal an annual rate of 8%. The surcharge applied to all past due support except for certain retroactive support charged under the paternity act.

The new statute provides that surcharges will be assessed at a variable rate equal to 1% plus the average interest rate paid at auctions of five-year United States treasury notes during the six months immediately preceding July 1 and January 1, as certified by the state treasurer. The new surcharge will not compound.

Enrolled House Bill 4774 will be presented to the Governor for her signature. Should she approve the bill, a portion of the bill will be effective June 30, 2004. The bill provides that a surcharge will not be assessed for retroactive support charged under the paternity act. It also provides that a surcharge will not be assessed for a support order entered after June 30, 2004, that awards support retroactive to a date before a support order existed in the case.

Some courts entered orders that contained specific surcharge language that matched the previous statute. That statute is no longer valid and those support orders that matched the previous statute are now contrary to state law. Because the law has changed, courts which issued orders with the outdated language should enter a local administrative order to amend all such orders to incorporate the new statutory requirements.

A new model LAO is located at: <http://courts.michigan.gov/scao/resources/other/lao.htm#surcharge>.

Courts and friends of the court should direct questions concerning this policy to Steve Capps by phone (517-373-4835) or e-mail (cappss@courts.mi.gov).